

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7076**

**BILL NUMBER:** SB 419

**DATE PREPARED:** Jan 6, 2002

**BILL AMENDED:**

**SUBJECT:** Proof of Motor Vehicle Insurance.

**FISCAL ANALYST:** Michael Molnar

**PHONE NUMBER:** 232-9559

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires certain motor vehicles to bear a sticker as proof of financial responsibility. The bill requires an insurer that issues a motor vehicle policy to furnish the insured with the sticker. The bill specifies the information that must be on the sticker. The bill also provides for a charge of not more than \$1 for each sticker for each motor vehicle covered by the policy.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** This bill will require the Bureau of Motor Vehicles (BMV) to issue proof of financial responsibility stickers for certain individuals. The BMV is responsible for maintaining information on individuals who: provide a bond executed with respect to the vehicle under IC 9-25-4-9; deposited funds with the Treasurer of State under IC 9-25-4-10; or been issued a certificate of self-insurance under IC 9-25-4-11. The administrative costs associated with this requirement are expected to be minimal given the current number of individuals that utilize one of these three options. The State Treasurer indicates there are currently no funds deposited as proof of financial responsibility. There are currently 15 certificates of self-insurance on record. The cost of issuing window stickers to these 15 individuals is expected to be minimal, and the BMV should be able to absorb the cost given their current budget and resources.

**Explanation of State Revenues:** If an individual is in violation of the provisions of this bill, they commit a Class C infraction. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class C infraction is \$500 which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

If a criminal action, infraction or ordinance violation involves a traffic violation, including this proposed offense, a highway work zone fee of either 50 cents or \$25.50 is assessed.

This bill may increase the number of proof of insurance infractions. To the extent that more violators could be identified, the number of tickets issued and associated revenue collected for lack of proof of financial responsibility may increase. There were 8,020 cases involving proof of insurance for 2001. Of these, 7,782 resulted in a guilty verdict and penalties.

**Explanation of Local Expenditures:** This bill contains provisions for private insurers to charge a fee of \$1 for each sticker issued. Local governments will be impacted to the extent that they purchase private vehicle insurance.

**Explanation of Local Revenues:** If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

This bill may increase the number of proof of insurance infractions. To the extent that more violators could be identified, the number of tickets issued and associated revenue collected for lack of proof of financial responsibility may increase.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Indiana Code; Bureau of Motor Vehicles, *Drivers License Report*, October 1, 2001; Tamara Brown, Chief Legal Counsel, (317) 232-2915; Melanie Schwartz, Deputy Commissioner, (317) 233-1218.